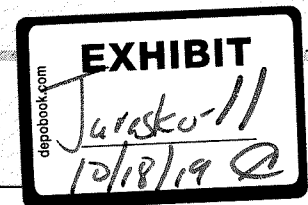


EXHIBIT 38

The Government is behind on implementing all of the major structural reforms required to drive economic growth on the Island



Structural measure	Growth drivers	Impact
1 Energy reform	<ul style="list-style-type: none"> Provide PR residents with affordable, reliable, resilient and environmentally compliant power delivered by an efficient and financially sustainable utility Challenge: Reform faces the challenge of legacy costs and difficulty to change generation mix 	<ul style="list-style-type: none"> Improve availability, reliability and affordability of energy for families and businesses Achieve 0.30% cumulative and permanent GNP impact by FY2023
2 Doing business reform	<ul style="list-style-type: none"> Encourage new businesses to hire employees by simplifying navigation of regulations, reducing complexity and speeding up investment and permitting mechanisms, and streamlining tax administration systems Challenge: Still far on many metrics; for example, Puerto Rico ranks position #153 (vs #27 for mainland US) in registering property Increase PR's formal labor force participation rate to match that of the lowest U.S. state, which would result in a rise in income, a decline in poverty, and an improvement of the budgetary deficit 	<ul style="list-style-type: none"> IPR: Create 54K jobs and lead 750 capital investments DPR: Reach the highest ranked Latin-American country position Achieve a cumulative and permanent GNP impact of 0.40% by FY2023
3 Private sector welfare reform	<ul style="list-style-type: none"> Challenge: Only 41% of population works in the formal sector (vs 62% in mainland US) Increase education quality and attainment in order to prepare PR's workforce to fill jobs currently needed by the economy and decline the rate of youth unemployment 	<ul style="list-style-type: none"> Reduce demand and improve self-sufficiency of welfare recipients Achieve a cumulative and permanent GNP impact of 0.15% by FY2025
4 Education reform	<ul style="list-style-type: none"> Challenge: 20% of Puerto Rico working age population has less than a high school diploma (vs 12% in mainland US) 	<ul style="list-style-type: none"> Achieve an additional cumulative and permanent GNP impact of 0.17% by FY2049

Fiscal Plan surplus is very sensitive to structural reform implementation due to impact on GNP – putting billions in revenues at risk

Structural measure	Summary	Sensitivities	Impact on surplus, \$B	
			FY 19-37	FY 19-49
1 Energy reform	<ul style="list-style-type: none"> Finalize transaction to allow private operation in the generation of energy (through privatization) and transmission and distribution of energy (through a concession) 	<ul style="list-style-type: none"> Transaction is not completed (as it is dependent on certainty around federal funds) 	(4.1)	(12.9)
2 Doing business reform	<ul style="list-style-type: none"> Promote economic activity and reduce the obstacles to starting and sustaining a business in Puerto Rico through comprehensive reform to improve ease of paying taxes, registering property, and obtaining permits 	<ul style="list-style-type: none"> Due to new legislation required and extensive coordination needed across agencies, implementation of this reform is not achieved 	(5.1)	(16.6)
3 Private sector welfare reform	<ul style="list-style-type: none"> Increase participation in the formal sector through different policies, including the implementation of labor requirement for beneficiaries of the Nutrition Assistance Program (NAP) 	<ul style="list-style-type: none"> Government fails to implement NAP work requirement on time, <ul style="list-style-type: none"> Implementation is delayed by 2 years (impact starts in FY27) Reform is not implemented 	(0.4)	(0.8)
4 Education reform	<ul style="list-style-type: none"> Implement reforms to improve learning outcomes in K-12 education, increasing performance in basic proficiency skills 	<ul style="list-style-type: none"> Lack of coordination and poor redesign of learning programs does not improve learning outcomes in K-12 students 	(0.0)	(1.1)

1 Without urgent implementation of energy reform, Puerto Rico's economy cannot develop

Availability of Federal Funds

Transaction uncertainty

Labor support

Implementation risks

- **Availability of Federal Funds** is a critical piece of PREPA's ability to modernize the grid system while keeping rates at an affordable level
- The **Restructuring Support Agreement is conditioned on the legislature** approving legislation that enables the imposition and collection mechanics of the transition charge, which is the source of repayment of the debt
- **Clarity on federal funding clarity** is essential for the transaction
- A private operator will look to negotiate labor arrangements with the existing unions, so any final transaction **will require some labor support**